

Lesson 5 - International E-commerce and Advertising

In this lesson, we will examine how companies use electronic media to promote their brands and their products. We will also become familiar with how the Internet is being utilized for marketing on a global scale.



E-Commerce

E-commerce, electronic commerce or EC, refers to the buying and selling of goods and services on the Internet. It is often paired with e-business, which defines any business that is deriving revenue at least in part from something electronic. When referring to online retail selling, the term e-tailing is also sometimes used.



E-Commerce can be divided into:

- ▶ E-tailing or "virtual storefronts" on the Internet with online catalogues
- ▶ Data mining - the gathering and use of electronic demographic data
- ▶ E-mail and fax and their use as media for reaching prospects and established customers
- ▶ The security of business transactions



E-tailing



E-tailing is the selling of retail goods on the Internet. Short for "electronic retailing," and first used in the mid-1990's. E-tailing is synonymous with business-to-consumer (B2C) as opposed to business-to-business (B2B) transactions. E-tailing began to work for Dell Computers in 1997 when it reported multimillion dollar orders taken at its website. The success of Amazon.com hastened the arrival of Barnes and Noble's e-tail site. Concerns about secure order-taking receded. A more recent trend is price comparison sites that can compare prices from a number of different e-tailers and link you to them.

Article: Taxman Goes Browsing on Ebay

by: Paul Waldie, Globe and Mail

See Handout: Read the article by Paul Waldie at the Globe and Mail to learn how the government is changing its practices to deal with the trend towards e-tailing.

Complete Assignment #1 on Handout

Data Mining (1 of 2)

Data mining refers to the process of analyzing data from different perspectives and summarizing it into useful information - information that can be used to increase revenue, cuts costs, or both - thereby finding correlations or patterns among dozens of fields in large relational databases. It allows users to analyze data from many different dimensions or angles, categorize it, and summarize the relationships identified. Although data mining is a relatively new term, businesses have used computers to sift through volumes of data and analyze market research reports for years. Continuous innovations in computer processing power, disk storage, and statistical software are dramatically increasing the accuracy of analysis while driving down the cost.

Data Mining (2 of 2)

An example of data mining could include predicting how likely an event is using predetermined groups. Usually, the higher a score, the more likely the event is. If an airline could predict how likely it is that an airline passenger going to miss a flight, the airline could oversell seats on some flights.



Assignment #2 - Data Mining

See Handout for Data Mining Assignment.

E-Mail

E-mail marketing isn't spam. If you are wondering why e-mail marketing is successful consider this. E-mail marketing works.

See Handout.



E-mail - Why It Works (1 of 2)

Email marketing works for a variety of reasons:

- ▶ It allows targeting;
- ▶ It is data driven;
- ▶ It builds relationships, loyalty and trust.

E-mail - Why It Works (2 of 2)

Modern email marketing supports segmentation and improves the targeting of outgoing messages. Advanced methods generate on-the-fly e-mails customized down to an individual recipient basis. Email promotions and offers generate immediate action: sales, downloads, inquiries, registrations, etc. Informative email newsletters and other e-mails send people to offline stores and events, prepare the way for catalogues, build awareness, contribute to branding, strengthen relationships, encourage trust, and cement loyalty.

Security of Business Transactions (1 of 2)

While Canada is far ahead of the United States and many other developed nations in matters relating to the Internet, it lags the global online market in online purchasing. As a potential market Canada has a lot going for it. Over sixty percent of Canada's population is online, which is only slightly behind the U.S. penetration rate of 63% and beats the UK's 49%. Ninety percent of Canadians aged 18 to 24 are online. Over sixty percent of all households in Canada were connected to a high-speed line as of year-end 2007. That puts Canada about two years ahead of the U.S., which we predict will have a household broadband penetration of only 44% by the end of this year. Usage of the Internet in Canada, as measured in time spent per week and pages viewed, exceeds that of the US.

Security of Business Transactions (2 of 2)

Canadians are on par with the United States and the United Kingdom when it comes to shopping and searching on the Internet. More than eighty percent of Canadian Internet users shop on the Web although they don't necessarily buy there, which matches the rate in the UK and even exceeds the US rate of 78%. And while 83% of both Canadians and Americans use search engines on a monthly basis, Canadians are slightly more frequent in their usage. In other words, Canada is a great market for delivering advertising messages via the Web. Despite these high marks, only 56% of Internet users in Canada actually make purchases over the Web. The rate is 70% in the UK and 66% in the US.



There are many reasons for this reluctance, but they can be summed up by the following factors:

- ▶ Canadians, unlike Americans, do not have a rich history of purchasing remotely via catalogue; while more than half of Americans make catalogue purchases each year, only 12% of Canadians do so, according to Canada Post.
- ▶ The majority of North American online stores are American based, so Canadians looking to buy online face higher shipping costs, possibly unfavourable exchange rates, customs complications and, for francophone Canadians, language barriers.
- ▶ Canadian consumers don't want to buy from Canadian merchants that don't bother to invest in creating good online shopping sites, so merchants restrict their e-commerce investments, citing the lack of interest in online buying.

Causes for Consumer Concern (1 of 3)

Statistics Canada reveals that only 42% of Canadian retailers even bother to put up a website, and a mere 11% of Canadian firms sell their goods and services online. Compounding these problems is the "fear factor" among Canadian consumers. More than 80% of Canadians express concern over online security and privacy. And while the same levels of concern are seen in the United States, Canadians exhibit their fear with action, or rather lack of action - they keep their cyber wallets shut.



Causes for Consumer Concern (2 of 3)

Forty percent of Canadians have indicated in surveys that they would not do any online shopping. That rate was nearly double the figure in the United States and quadruple the rate in Germany and the United Kingdom.



Causes for Consumer Concern (3 of 3)

There are different causes for consumer concern. Many consumers worry about thieves stealing private credit reports and other sensitive financial data. Some of the fear that potential online consumers voice relates to the ongoing rise of e-mail phishing attacks, through which criminals use legitimate brands to trick consumers into providing personal information like credit card account numbers and passwords.



Question - What is Phishing?

Phishing is the act of tricking someone into giving them confidential information such as credit card numbers, user ID's, and passwords.

Assignment #3 - Internet Security Discussion

Complete questions for Assignment #3 [on handout](#)